

# HOUSE BILL REPORT

## SHB 2345

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### As Amended by the Senate

**Title:** An act relating to regional fire protection service authorities.

**Brief Description:** Addressing regional fire protection service authorities.

**Sponsors:** By House Committee on Local Government (originally sponsored by Representatives Simpson, Rodne, Appleton and Haler).

### Brief History:

#### Committee Activity:

Local Government: 1/9/06, 2/1/06 [DPS].

#### Floor Activity:

Passed House: 2/13/06, 97-1.

Senate Amended.

Passed Senate: 3/3/06, 48-0.

### Brief Summary of Substitute Bill

- Clarifies the powers and duties of a Regional Fire Protection Service Authority (Authority).
- Clarifies the procedures and requirements for combining multiple participating jurisdictions into a single, regional fire protection and emergency services provider.
- Creates regulations governing indebtedness and bond issuance by an Authority.
- Clarifies voter approval requirements regarding tax levies, benefit charges, and bond issuance.
- Requires an Authority to comply with extensive procedural requirements before creating a regional ambulance service.
- Creates new requirements pertaining to collective bargaining and civil service issues.

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## HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Simpson, Chair; Clibborn, Vice Chair; Schindler, Ranking Minority Member; Ahern, Assistant Ranking Minority Member; B. Sullivan, Takko and Woods.

**Staff:** Thamas Osborn (786-7129).

**Background:**

***Creation of a Regional Fire Protection Service Authority***

A Regional Fire Protection Service Authority (Authority) may be created for the purpose of conducting selected fire protection functions at a regional level. An Authority can be created by the merger of two or more adjacent fire protection jurisdictions, including fire protection districts, cities, port districts, and Indian tribes.

***Planning Committee***

The fire protection jurisdictions proposing the creation of an Authority must establish a planning committee to develop and adopt a service plan. The plan must provide for the design, financing, and development of fire protection services. In formulating its service plan, a planning committee cannot recommend the provision of ambulance services unless the Authority finds that existing ambulance services cannot adequately serve the jurisdictions served by the Authority. If such a finding is made, then the Authority can establish its own ambulance service or arrange for such service by contract. The planning committee must also recommend statutorily authorized sources of revenue and as well as a financing plan for the funding of selected fire protection service projects.

As part of its plan, the planning committee may recommend revenue sources that can be utilized following voter approval. The authorized revenue sources include both property taxes as well as "benefit charges." A "benefit charge" is a charge imposed upon a property owner based upon the measurable benefits to be received by the property owner as the result of the creation of the Authority.

***Voter approval of plan***

Once adopted by the planning committee, the plan must be forwarded to the participating jurisdictions' governing bodies to initiate the election process. The voters may, by majority vote, approve or reject a single ballot measure that both approves the formation of the Authority and the plan. Taxes and benefit charges may not be imposed by an Authority unless they are specifically identified in a plan receiving voter approval. This voter approval requirement is in addition to any other legal requirements regarding voter approval of property tax levies or the imposition of benefits charges.

***Powers and duties of an Authority***

An Authority is governed by a board consisting of persons identified in the plan. Board members must all be elected officials. When it first meets, the board of an authority must adopt bylaws and operational procedures. The board is responsible for the execution of the voter-approved plan. A board is required to:

- levy and impose taxes as authorized;
- enter into intergovernmental agreements;
- acquire, hold, or dispose of real property;
- exercise the powers of eminent domain;
- enforce fire codes;
- accept grants and contributions to support the purposes of the authority;
- monitor and audit the progress and execution of the authority's programs and projects;
- enter into leases, contracts, and pay for services;
- hire and fire personnel; and
- exercise other powers and duties as are reasonably necessary to carry out its purposes.

All powers, duties, and functions of a participating fire protection jurisdiction may be transferred by resolution to the Authority. Such a transfer does not affect existing collective bargaining agreements.

**Financing the operation of an Authority**

An Authority may issue its own debt maturing in up to 10 years, and notes maturing in up to 20 years. It may also pledge tax revenues by contracts of up to 25 years duration, in order to pay principal and interest on bonds issued by the Authority. The Authority may incur general indebtedness and issue general obligation bonds maturing in up to 10 years to be paid by voter-approved excess property tax levies.

An Authority may obtain revenues through ad valorem property taxes which are based on the assessed value of taxable property within the Authority. Subject to specified conditions, an Authority is authorized to impose three separate tax levies to fund their operations, each of which is limited to \$0.50 per \$1,000 of assessed value. The third \$0.50 levy may be imposed only if the Authority has at least one full-time employee.

Authorities may also impose excess levies for maintenance and operation purposes or for bond retirement for capital facilities when authorized by law. Bond levies pay the annual principal and interest required for the term of the bond, typically 20 years. Excess levies must be approved through a ballot proposition that receives a 60 percent majority of the votes cast.

An Authority may also obtain revenues through the imposition of a "benefits charge." Benefit charges are not based on the value of real property, but are instead linked to other factors such as insurance savings, water sources, or the distance from fire service facilities. An Authority may use this funding approach as a means for reducing property taxes and apportioning the costs of service in a manner that more accurately reflects the benefits delivered. The imposition of a benefits charge must be approved through a ballot proposition that is approved by a 60 percent majority of the voters living within the jurisdiction of the Authority.

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**Summary of Substitute Bill:** Summary of Substitute Bill:

### **Provision of emergency services**

The powers granted to the Authority include the creation and operation of "emergency" services as well as fire protection services.

### **Creation of a regional ambulance service**

The Authority must comply with several procedural requirements before an ambulance service can be created that competes with an existing private ambulance service. These procedures include the requirement that the Authority formally study the adequacy of existing private ambulance services and make specific factual findings that such services are insufficient to serve the needs of the region within the jurisdiction of the Authority.

### **Plan amendments not requiring voter approval**

The planning committee must identify within the plan those provisions that may be amended by the Authority without voter approval.

### **Requirements for voter approval of revenue sources**

The voting requirements for public approval of a plan are clarified as follows:

- If a plan authorizes the Authority to impose benefit charges or tax levies that by law require the approval of 60 percent of the voters, then the plan itself must be approved by 60 percent of the voters.
- If the plan authorizes alternative sources of revenue not subject to the 60 percent voter approval requirement, then the plan must be approved by simple majority vote.
- If the plan does not authorize the authority to impose benefit charges or tax levies requiring the approval of 60 percent of the voters, then the plan is subject to approval by simple majority vote.

Subsequent to the adoption of the plan, the Authority may impose taxes and benefit charges not specified in the original plan, provided the requisite voter approval is obtained prior to the imposition of such taxes or benefits charges.

### **Effective date that an Authority must assume its duties**

Following the requisite voter approval, an Authority must assume its duties on the next January 1st, or the next July 1st, whichever occurs first.

### **Powers and duties of the governing board**

The powers and duties of the board are clarified as follows:

- The board shall exercise powers and perform duties as the board determines necessary to carry out the purposes, functions, and projects of the Authority.
- The exercise of the board's powers must be in accordance with the requirements of Title 52 RCW if the one of the jurisdictions encompassed by the authority is a fire district. However, this provision does not apply if the plan specifies otherwise.
- Provisions allowing the board to exercise eminent domain powers or to acquire, hold, or dispose of real property are deleted.

### **Transfers of powers and duties to the Authority by participating jurisdictions**

Unless otherwise specified in the plan, the powers, duties, and functions of participating jurisdictions are transferred to the Authority.

**Transfers of assets and debts to the Authority**

Unless otherwise specified in the plan, the assets and debts of participating jurisdictions are transferred to the Authority.

**Annexations affecting participating jurisdictions**

Territory that is annexed to a participating jurisdiction is deemed automatically annexed to the Authority as of the effective date of the annexation.

**Debt and bonding authority**

An Authority may incur general indebtedness not exceeding an amount equal to 0.75 percent of the value of the taxable property located within the jurisdiction of the Authority. The maximum term of such indebtedness may not exceed 20 years. In order to pay its obligations, an Authority may pledge payments to be received by the Authority from the state, the federal government, or any fire protection jurisdiction under an interlocal contract. Excess property tax levies may also be used to retire general indebtedness provided the requisite voter approval is obtained.

An Authority is also authorized to issue general obligation bonds for capital purposes. Such bonds, together with any outstanding general obligation debt, may not exceed an amount equal to 1.5 percent of the value of the taxable property within the jurisdiction of the Authority. The bonds may be retired through excess property tax levies following voter approval of a proposition authorizing the indebtedness and the tax levies. The requisite voter approval requires the affirmative vote of 60 percent of those voting at an election involving voter participation of not less than 40 percent of the residents who voted at the last preceding state election. The maximum term of the bonds may not exceed 20 years.

**Collective bargaining agreements**

Adds several provisions pertaining to the rights of Authority employees under collective bargaining agreements existing among the various fire protection jurisdictions encompassed by the Authority. Unless otherwise specified in a new agreement applicable to all transferring employees at the time of the creation of the Authority, such employees retain all of the rights, benefits, and privileges they had under the various collective bargaining agreements existing prior to the creation of the Authority.

**Civil service provisions**

Subject to specified conditions, an Authority is granted the power to create civil service rules applicable to its employees.

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**EFFECT OF SENATE AMENDMENT(S):**

Makes technical changes to Section 10 of the bill that serve to clarify the meaning of the section and which have no substantive effect.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** The purpose of the bill is to make technical changes and cure some problems with the original act authorizing the creation of Regional Fire Protection Service Authorities. Although the bill makes some substantial amendatory changes, these are for the purpose of clarifying existing provisions of the act and do not represent significant substantive changes affecting the policies or objectives of the act. The provisions of the act that are clarified by the bill include those pertaining to the creation of a regional ambulance service as well as those regarding the power of an authority to make changes to the regional plan without first obtaining voter approval. This bill is needed to make changes to legal provisions that have stood in the way of the creation of any regional fire protection authorities. Several fire protection jurisdictions are waiting for the bill to be passed before proceeding with efforts to create a regional fire protection authority.

The creation of regional fire protection authorities will allow for more efficient provision of fire protection services and will therefore save money. The act allows for economies of scale that will result in cost savings. It will also result in better fire protection insofar as it provides an organizational structure that will enable neighboring jurisdictions to work together. The bill should be passed because it will promote the creation of authorities which, in turn, will promote both effectiveness and efficiency.

**Testimony Against:** None.

**Persons Testifying:** Representative Simpson, prime sponsor; Dan Packer, Washington State Fire Chiefs; and John Murphy and Rod Kaseguma, Eastside Fire and Rescue.

**Persons Signed In To Testify But Not Testifying:** None.